

Message Text

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12

ACTION EA-14

INFO OCT-01 ISO-00 TRSE-00 DODE-00 PM-07 CIAE-00 INR-11

NSAE-00 RSC-01 L-03 DRC-01 EB-11 /049 W

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R 180916Z SEP 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 6972

CINCPACREPPHIL SUBIC BAY

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PASS TREASURY AND DEFENSE

E.O. 11652: N/A

TAGS: EFIN, RP

SUBJECT: REGULATION OF MILITARY BANKING FACILITIES

1. EMBASSY HAS LEARNED OF LETTER FROM MR. K.S. RAPP, MANAGER, AMERICAN EXPRESS MILITARY BANKING FACILITY AT SUBIC BAY TO MR. J. ROS, VICE PRESIDENT, FAR EAST BANK AND TRUST CO., A PHILIPPINE COMMERCIAL BANK, INDICATING AN INTEREST IN PURCHASING PESOS FROM FAR EAST AT AN EXCHANGE RATE OF 0.0125 ABOVE THE PHILIPPINE INTERBANK RATE. THE LETTER, COPIES OF WHICH ARE BEING FORWARDED TO ADDRESSEES, DESCRIBED THE EXCHANGE RATE SOUGHT AS "AVAILABLE" TO AMERICAN EXPRESS "THROUGH THE U.S. EMBASSY".

2. EMBASSY KNOWS OF NO BASIS FOR STATEMENT BY AMERICAN EXPRESS OF AVAILABILITY OF PESOS THROUGH EMBASSY. NEITHER EMBASSY NOR REGIONAL DISBURSING OFFICER PROVIDE OR ARE AUTHORIZED TO PROVIDE PESOS TO COMMERCIAL BANKS SERVING AS MILITARY BANKING FACILITIES IN THE PHILIPPINES. FURTHER, NEITHER EMBASSY NOR RDO HAVE AUTHORIZED THE RESALE BY MILITARY DISBURSING OFFICERS TO SUCH BANKS OF PESOS PROVIDED BY THE RDO TO MILITARY DISBURSING OFFICERS FOR THE PURPOSE OF MEETING OFFICIAL OBLIGATIONS.

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3. EMBASSY IS CONCERNED THAT RAPP'S LETTER INACCURATELY

IDENTIFYING EMBASSY AS AN AVAILABLE SOURCE OF PESOS TO AMERICAN EXPRESS CAN BE TAKEN AS VIOLATION OF EXISTING US/RP AGREEMENT. THE CENTRAL BANK CANNOT BE EXPECTED TO ACCEPT EMBASSY ACTING IN COMPETITION FOR BUSINESS WITH PHILIPPINE COMMERCIAL BANKING SYSTEM, WHICH WOULD BE EFFECT OF EXTENSION BY EMBASSY TO COMMERCIAL BANK OF EXCHANGE RATE FACILITIES MADE AVAILABLE FOR OFFICIAL PURPOSES TO REGIONAL DISBURSING OFFICE.

4. EMBASSY BELIEVES IT NECESSARY TO PROTECTION OF EXISTING VERY FAVORABLE BASIS OF AGREEMENT TO CORRECT IMPRESSION LEFT BY AMERICAN EXPRESS LETTER AND REQUESTS THAT CINCPACREPPHIL AND TREASURY ASK AMERICAN EXPRESS OFFICIALS TO MAKE AN APPROPRIATE CORRECTION OF STATEMENT MADE TO FARE EAST BANK. ALTERNATIVELY, EMBASSY PROPOSES MAKE SUITABLE CLARIFYING STATEMENT TO CENTRAL BANK.
PURNELL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY PERSONNEL, BANK SERVICES, MILITARY BASES, FOREIGN EXCHANGE RATES
Control Number: n/a
Copy: SINGLE
Draft Date: 18 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MANILA11241
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740262-0969
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740936/aaaabdwsl
Line Count: 78
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 08 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08-Aug-2002 by shawdg>; APPROVED <04 MAR 2003 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: REGULATION OF MILITARY BANKING FACILITIES
TAGS: EFIN, RP
To: STATE CINCPAC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005